

December 9, 2019

Chair Mary D. Nichols
California Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

RE: Comments on Proposed Control Measure for Ocean-Going Vessels At Berth

Dear Chair Nichols,

Thank you for the opportunity to provide input and assistance on the California Air Resources Board's consideration of potential expansion of the At-Berth Regulation. As a trustee of state tidelands, the San Diego Unified Port District (District) has demonstrated its commitment to pursue environmental priorities alongside its state and community partners and fulfill its mission to promote a sustainable way of doing business in and around San Diego Bay.

Since the original At-Berth Regulation was enacted, California has seen remarkable environmental improvements up and down the state. As you know, the District was an early adopter of shore power and was proud to invest in technology that would provide sustainable solutions for San Diego's maritime industries and future benefits for the Port and its neighboring communities.

As an environmental champion of San Diego Bay and its Tidelands, reducing emissions of criteria pollutants and greenhouse gases (GHG) is a key goal. The District developed a Clean Air Plan focused on decreasing emissions of diesel particulate matter (DPM), nitrogen oxides (NOx), and sulfur oxides (SOx) from its maritime operations in 2007. In addition, in 2013 the District adopted a Climate Action Plan to decrease GHG emissions. The District was one of the first ports in the nation to establish GHG reduction goals, which include a 10% reduction by 2020 and a 25% reduction by 2035 from a 2006 baseline. Since 2006, Port of San Diego maritime-based GHG emissions have decreased 34%, and criteria pollutants have decreased 85% for DPM, 61% for NOx, 97% for SOx.

As part of the District's Climate Action Plan implementation, a public commitment that embraces its mission, we have taken several steps to meet these aggressive measures, including:

- Implementation of Shore Power at Cruise and Cargo Terminals
- Implementation of a Voluntary Vessel Speed Reduction Program

- Promotion of emerging technologies demonstrations to support freight electrification:
 - Tenants demonstrated ten battery-powered electric drayage trucks and equipment along the Working Waterfront; and
 - The District installed electric vehicle charging for public and District employees and solar power at Administration Building, Broadway Pavilion, and General Services Building; and
 - The District is installing 12 kV Microgrid (anticipated Summer 2020); and
 - The District has instituted use of renewable diesel for District fleet vehicles; and
- Established a clean truck program, which prohibits trucks which do not meet the Drayage Truck Rule standard from entering its terminals and incentivized truckers to replace their engines with cleaner models; and
- Joined Green Marine in 2018 and committed to enhanced sustainability framework completing its first third party verification in 2019.

The District's partnership with the Air Resources Board is vital. It cannot succeed alone. And for all the progress it has made with cleaning the air over the years, there's more to be done to meet its shared environmental and community goals.

The District appreciates the positive interaction and engagement with your staff as we've collaborated on refining the proposed regulation over the past two years to make it more practical and effective. Through our collaboration, the proposed regulation has been improved in several ways, focusing the regulation to achieve maximum compliance while providing some necessary flexibility.

The District would urge consideration of these remaining priorities to develop a good regulation that is both practical and effective, and ensure adequate timelines and resources are available for full compliance.

Affordable Shore Power Rates

One of the earliest adopters of shore power in California, the District now finds itself in a difficult situation, facing shore power electricity rates that will more than double in the next five years -- among the most expensive in the state. Equitable rate relief is required to make shore power affordable. To accomplish that, there must be alignment among state agencies that are responsible for shore power standards and costs, the Air Resources Board and Public Utilities Commission. When those agencies conflict but the mandate is clear, coordination and integrated decision-making are key -- for the sake of those, like the District, left straddling the gap without any clear option. The District takes seriously the goals of electrification and seeks to expand use of clean technology along the waterfront but is constrained by the cost of electricity. Compliance is linked, and the regulation's requirements should be tethered to the availability of affordable power.

Attainable Implementation Schedule

The District and working waterfront businesses have demonstrated their ability to be ahead of the curve and are proud of our reputation as solutions-focused and proactive. The District also recognizes that a reasonable amount of time is needed to develop and make available new infrastructure solutions. An objective, fact-based study by the Air Resources Board of how much time it would take to retrofit vessels and deploy new infrastructure is needed to set a reliable timeline in place.

Timelines for compliance currently proposed in the Regulation – 2021 for 100% compliance to use shore-based power or an alternative for container, refrigerated cargo, and passenger vessels and 2025 for 100% compliance for auto carriers, or “ro-ro” vessels – are particularly challenging. Comments at the December 5, 2019 meeting of the Air Resources Board suggested an even more stringent deadline that would put the goals farther out of reach. Unfortunately, this would not provide the District and its maritime customers enough time to plan, design, locate, bid/build, and install customized compliant equipment and vessels before being in violation of the regulation. Such an option is not viable. As quickly as the District desires to modernize technology at the waterfront, a viable timeline – no more, no less – is still necessary. Expanding the shore power capacity requires comprehensive planning and design, and external permitting processes that are outside its control, and flexibility on the essentials in order to meet firm goals is the best pathway forward.

The District’s proximity to Mexican ports of entry is a potential complication with implementing the regulation as proposed. As an alternative to California ports, nearby foreign ports and transportation systems, such as Ensenada, have the capacity to absorb and re-direct trade. This diversion, unregulated by California law, would likely bring a new set of environmental impacts that could affect the region’s air quality.

As an example, the automobile carrier ships that bring international trade to the San Diego region also deliver electric vehicles and provide an important trade route with Hawaii, but the terminal that supports that service does not have enough electrical capacity to provide shore power to those vessels. Therefore, the District would appreciate your help with ensuring that any deadlines for compliance are phased to the time it takes to make available the mechanism for compliance. The District, its Terminal Operator, and Carriers need to assess the appropriate options for compliance with the proposed regulation. This may include exploring options to install shore power infrastructure or seeking an alternate control strategy. As there are no currently approved control strategies for auto carrier and ro-ro vessels, a proper cost-benefit analysis of various solutions cannot presently occur. An adequate timeline for implementation – or Air Resource Board’s approval of alternative compliance methods for controlling vessel emissions – would allow the District to plan and design long-term solutions for berth infrastructure.

Adequate Resources to Do the Job

Technology solutions need time for proper planning and design, and funding is always a necessary ingredient. Historically, state monies provide vital assistance for infrastructure that benefits the San Diego region, particularly on projects where local and state interests are both at stake.

The large-scale, statewide effort to implement a new At-Berth Regulation is an extraordinary lift, especially for self-sustaining public agencies. Funding streams should flow to where they are needed. For that reason, the District believes an equitable and strategic distribution of state support is critical so that District projects located next to AB 617 communities such as Barrio Logan and National City are properly resourced. No single entity can meet these goals alone – collaboration is essential.

A needs-based approach built from honest timelines and needs and size of the job is the responsible way to design and build large, custom-made infrastructure in specialty ports like San Diego that lack the capital program capabilities of megaports. For example:

- The District has already laid infrastructure for increased shore powering for its cruise business and faces an additional cost estimate of \$5m for the transformer and ensuring the utility provider can supply the power – and at a sustainable rate.
- At the auto carrier facility – the Ro-Ro terminal – the District is currently in the process of analyzing cost estimates and infrastructure improvement needs for the auto carrier facility and anticipates having those costs by the end of 2020.
- In addition to shore power preparations, the District has issued a formal Request for Information for bonnet providers and is now preparing a Request For Proposal.

From the District's perspective, the preferred position is to be proactive, and for that reason the District is moving quickly to explore all options to find feasible courses of implementation and striving to understand all available means to meet its environmental goals and the goals of the proposed Regulation. Additionally, operational concerns regarding labor have been brought to the District's attention, particularly as it relates to the proposed one-hour rule for Ro-Ro operations.

Despite its good intentions, the District cannot deploy infrastructure that the District does not have, and one-off, piecemeal approaches are less effective for the long-term than sustained support for comprehensive strategy tailored to a region's needs. Funding formulas and grant solicitations that fit San Diego in proper timing, focus, complexity will help the District continue to meet the environmental outcomes it is pursuing. This is where a shift by the Air Resources Board to stackable, scaled, and strategic funding methods can be a game-changer and build long-term success.

Conclusion

Since the District first adopted its Climate Action Plan, it has strategized to build infrastructure to modernize port operations for the future and set this Port on a good track for continuing to improve the way it responsibly fulfills its mission.

A good, well-crafted regulation is in everyone's interest, and that is why we want to see the new At-Berth Regulation work and work well. We think a strong partnership with ARB is absolutely essential to our success in meeting the goals you have articulated. Every challenge has a solution, and the District has identified solutions that will – with this regulation – benefit marine air quality. We rely on the Air Resource Board's partnership in meeting these environmental goals and make a difference for generations to come.

Thank you, again, for your concern and willingness to work with the District in our responsibility to serve the public good. As the At-Berth Regulation moves forward, we look forward to providing any additional details on these issues that may be helpful. For more information, please feel free to contact my Legislative Policy Administrator David Yow at 619-725-6087 or dyow@portofsandiego.org.

Sincerely,



Randa J. Coniglio
President/CEO